

**CITY OF MEDICINE LODGE, KANSAS**

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**FINANCIAL STATEMENT  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2015**

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## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
<u>FINANCIAL SECTION</u>	
Statement 1 Summary Statement of Receipts, Expenditures and Unencumbered Cash .....	4
Notes to the Financial Statement .....	5
<u>REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule 1 Summary of Expenditures – Actual and Budget .....	14
Schedule 2 Schedule of Receipts and Expenditures	
2-1 General Fund .....	15
<u>Special Purpose Funds</u>	
2-2 Tourism Fund .....	19
2-3 Library Fund .....	20
2-4 Special Highway Fund .....	21
2-5 Special Parks and Recreation Fund .....	22
2-6 Non-Budgeted Special Purpose Funds .....	23
<u>Bond and Interest Fund</u>	
2-7 Bond and Interest Fund .....	24
<u>Capital Project Fund</u>	
2-8 Sidewalk Improvement Fund .....	25
<u>Business Funds</u>	
2-9 Water Utility Fund .....	26
2-10 Sewer Utility Fund .....	27
2-11 Solid Waste Utility Fund .....	28
2-12 Non-Budgeted Business Funds .....	29

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor  
and City Council  
Medicine Lodge, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Medicine Lodge, Kansas, as of and for the year ended December 31, 2015, and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note A, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Medicine Lodge, Kansas as of December 31, 2015, or changes in financial position and cash flows thereof for the year then ended.

## **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Medicine Lodge, Kansas as of December 31, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

## **Other Matters**

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget and individual fund schedules of regulatory basis receipts and expenditures (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

The 2014 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures (Schedule 2 as listed in the table of contents) upon which we rendered an unmodified opinion dated May 26, 2015, is also presented for comparative analysis and is not a required part of the 2015 basic financial statement. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services/municipal-audits>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note A.

*Kennedy McKee & Company LLP*

June 16, 2016

## CITY OF MEDICINE LODGE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH  
REGULATORY BASIS

For the Year Ended December 31, 2015

<u>Fund</u>	Beginning unencumbered cash balance	Prior year canceled encumbrances
General fund:		
General	\$ 714,402	\$ -
Special purpose funds:		
Tourism	54,311	-
Library	1,173	-
Special highway	34,640	-
Special parks and recreation	5,705	-
Municipal equipment reserve	464,228	-
Capital improvements reserve	448,608	-
Public Building Commission	102	-
Total special purpose funds	1,008,767	-
Bond and interest fund:		
Bond and interest	18,034	-
Capital project fund:		
Sidewalk improvement	11,151	-
Business funds:		
Water utility	401,780	-
Sewer utility	-	-
Solid waste utility	31,648	-
Waterworks depreciation and maintenance reserve	4,253,005	-
Sewer plan O-M-R	85,121	-
Total business funds	4,771,554	-
Total	\$ 6,523,908	\$ -
Composition of cash balance:		
Checking accounts		
Savings accounts		
Certificates of deposit		
Total cash		

The notes to the financial statement are an integral part of this statement.

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
<u>\$ 1,647,528</u>	<u>\$ 1,823,365</u>	<u>\$ 538,565</u>	<u>\$ 56,777</u>	<u>\$ 595,342</u>
23,031	26,175	51,167	-	51,167
105,993	106,993	173	-	173
53,345	-	87,985	-	87,985
961	-	6,666	-	6,666
156,000	22,000	598,228	-	598,228
147,621	14,635	581,594	-	581,594
<u>1,145,903</u>	<u>1,143,292</u>	<u>2,713</u>	<u>-</u>	<u>2,713</u>
<u>1,632,854</u>	<u>1,313,095</u>	<u>1,328,526</u>	<u>-</u>	<u>1,328,526</u>
<u>-</u>	<u>-</u>	<u>18,034</u>	<u>-</u>	<u>18,034</u>
<u>82,228</u>	<u>-</u>	<u>93,379</u>	<u>-</u>	<u>93,379</u>
1,131,970	996,029	537,721	11,998	549,719
561,892	411,120	150,772	9,126	159,898
343,335	360,000	14,983	27,656	42,639
125,000	144,974	4,233,031	-	4,233,031
<u>-</u>	<u>15,645</u>	<u>69,476</u>	<u>-</u>	<u>69,476</u>
<u>2,162,197</u>	<u>1,927,768</u>	<u>5,005,983</u>	<u>48,780</u>	<u>5,054,763</u>
<u>\$ 5,524,807</u>	<u>\$ 5,064,228</u>	<u>\$ 6,984,487</u>	<u>\$ 105,557</u>	<u>\$ 7,090,044</u>
				\$ 4,568,973
				1,276,071
				<u>1,245,000</u>
				<u>\$ 7,090,044</u>

# CITY OF MEDICINE LODGE, KANSAS

## NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

#### 1. Municipal Financial Reporting Entity

The City of Medicine Lodge is a municipal corporation governed by an elected mayor and five-member council. This regulatory financial statement presents the City of Medicine Lodge (the municipality) and the Public Building Commission (part of the municipality). The Lincoln Library, a related municipal entity, has not been included in the City's reporting entity.

**Public Building Commission.** The Commission was authorized by City Ordinance No. 818, pursuant to K.S.A 12-1757 et. seq., and all amendments thereto, and as amended, supplemented and limited by the City of Medicine Lodge, Kansas Charter Ordinance No. 17 establishing the composition thereof and purposes for which established. For financial reporting, the financial activities of the Public Building Commission are accounted for within a non-budgeted special purpose fund.

**Lincoln Library.** The members of the governing board of the Library are approved by the City Council. The Library is fiscally dependent on the City because the City provides substantial financial support in the form of appropriations. In addition, the Library is prohibited from issuing bonded debt without the approval of the City Council.

#### 2. Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2015:

#### REGULATORY BASIS FUND TYPES

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.



## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Basis of Presentation – Fund Accounting (Continued)

#### REGULATORY BASIS FUND TYPES (CONTINUED)

Bond and Interest fund – used to account for the accumulation of resources (including tax levies and transfers from other funds) and payment of general long-term debt.

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal services fund, etc.).

### 3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

### 4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4. Budgetary Information (continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the utility reserve funds, capital project fund, or the Municipal Equipment Reserve, Capital Improvements Reserve, and Public Building Commission special purpose funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

## B. DEPOSITS AND INVESTMENTS (CONTINUED)

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2015.

At December 31, 2015, the City's carrying amount of deposits was \$7,090,044 and the bank balance was \$7,098,776. Of the bank balance, \$252,713 was covered by federal depository insurance and \$6,846,063 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

## C. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2015, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ payments</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Refunding					
Issued April 1, 2013					
In the amount of \$1,130,000					
At interest rates of 0.80% to 2.70%					
Maturing September 1, 2024	\$ 915,000	\$ -	\$ 135,000	\$ 780,000	\$ 14,955
Revenue bonds:					
Swimming pool improvements					
Issued March 15, 2006					
In the amount of \$1,450,000					
At interest rates of 3.50% to 4.50%					
Maturing September 1, 2026	1,055,000	-	1,055,000	-	53,114
Swimming pool improvements refunding					
Issued October 15, 2015					
In the amount of \$1,035,000					
At interest rates of 1.50% to 2.50%					
Maturing September 1, 2026	-	1,035,000	-	1,035,000	-
Subtotal revenue bonds	1,055,000	1,035,000	1,055,000	1,035,000	53,114
Revolving loans:					
Sewer plant					
Issued March 1, 2003					
In the amount of \$2,946,766					
At interest rate of 2.94%					
Maturing September 1, 2024	1,655,227	-	144,642	1,510,585	47,608
Water meter upgrades					
Issued December 6, 2012					
In the amount of \$480,596					
At interest rate of 2.43%					
Maturing August 1, 2022	237,179	-	27,202	209,977	5,599
Subtotal revolving loans	1,892,406	-	171,844	1,720,562	53,207
Temporary Notes:					
Series 2014-1 GO Temp Notes					
Issued December 1, 2014					
In the amount of \$3,708,000					
At interest rate of 1.00%					
Maturing December 1, 2016	3,708,000	-	-	3,708,000	37,080
Total long-term debt	\$ 7,570,406	\$ 1,035,000	\$ 1,361,844	\$ 7,243,562	\$ 158,356

### C. LONG-TERM DEBT (CONTINUED)

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2016	\$ 135,000	\$ 13,605	\$ 148,605
2017	140,000	11,985	151,985
2018	90,000	9,955	99,955
2019	90,000	8,605	98,605
2020	90,000	7,075	97,075
2021-2024	<u>235,000</u>	<u>10,670</u>	<u>245,670</u>
Total	<u>\$ 780,000</u>	<u>\$ 61,895</u>	<u>\$ 841,895</u>

Current maturities of revenue bonds and interest for the next five years and in five year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2016	\$ 20,000	\$ 17,918	\$ 37,918
2017	90,000	20,113	110,113
2018	90,000	18,763	108,763
2019	95,000	17,413	112,413
2020	95,000	15,988	110,988
2021-2025	535,000	51,313	586,313
2026	<u>110,000</u>	<u>2,750</u>	<u>112,750</u>
Total	<u>\$ 1,035,000</u>	<u>\$ 144,258</u>	<u>\$ 1,179,258</u>

Current maturities of revolving loans and interest for the next five years and in five year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2016	\$ 176,793	\$ 48,259	\$ 225,052
2017	181,885	43,167	225,052
2018	187,124	37,928	225,052
2019	192,515	32,537	225,052
2020	198,061	26,991	225,052
2021-2024	<u>784,184</u>	<u>50,418</u>	<u>834,602</u>
Total	<u>\$ 1,720,562</u>	<u>\$ 239,300</u>	<u>\$ 1,959,862</u>

Current maturities of temporary notes and interest for the next year is as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2016	<u>\$ 3,708,000</u>	<u>\$ 37,080</u>	<u>\$ 3,745,080</u>

#### D. DEFEASED DEBT

##### Series 2013 Refunding Bonds

On April 1, 2013, the City issued \$1,130,000 in general obligation bonds with interest rates ranging from 0.80% to 2.70% to advance refund \$220,000 of outstanding 2002 Series general obligation bonds with interest rates ranging from 4.50% to 4.80%, \$344,158 of an outstanding 2002 KDHE revolving loan with an interest rate of 4.04%, \$290,302 of an outstanding 2010 KDHE revolving loan with an interest rate of 3.49%, and \$235,974 of an outstanding 2007 capital lease with an interest rate of 5.00%. The net proceeds of \$1,098,327 (after payment of \$31,673 in underwriting fees and other issuance costs) were used to pay off the principal and accrued interest on the refunded debt. As a result, the refunded portion of the 2002 Series general obligation bonds, 2002 and 2010 revolving loans, and the 2007 capital lease are considered to be defeased and the liability for those obligations has been removed from the long-term debt footnote.

The City refunded the outstanding debt to reduce its total debt service payments over a 17 year period by \$123,003 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$101,053.

##### Series 2015 Refunding Bonds

On October 15, 2015, the City issued \$1,035,000 in revenue bonds with interest rates ranging from 1.50% to 2.50% to advance refund \$990,000.00 of outstanding Series 2006 revenue bonds with interest rates ranging from 3.50% to 4.50%. The net proceeds of \$999,858 (after payment of \$35,142 in underwriting fees and other issuance costs) were used to pay off the principal and accrued interest on the refunded debt. As a result, the refunded portion of the 2006 Series revenue bonds are considered to be defeased and the liability for those obligations has been removed from the long-term debt footnote.

The City refunded the outstanding debt to reduce its total debt service payments over an 11 year period by \$96,140 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$94,065.

#### E. INTERFUND TRANSFERS

Operating transfers:

<u>From</u>	<u>To</u>	<u>Regulatory authority</u>	<u>Amount</u>
Water utility	Waterworks depreciation and maintenance	K.S.A. 12-825d	\$ 125,000
Water utility	General	K.S.A. 12-825d	113,370
Water utility	Sewer utility	K.S.A. 12-825d	165,000
Water utility	Municipal equipment	K.S.A. 12-1,117	18,000
Solid waste utility	General	K.S.A. 12-825d	27,340
General	Municipal equipment	K.S.A. 12-1,117	138,000
General	Capital improvement	K.S.A. 12-1,118	95,000
General	Public Building Commission	Resolution	<u>110,903</u>
			<u>\$ 792,613</u>

E. INTERFUND TRANSFERS (CONTINUED)

Transfer to related municipal entity:

<u>From</u>	<u>To</u>	<u>Amount</u>
Library	Lincoln Library	<u>\$ 100,593</u>

F. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

*Other post employment benefits.* As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

*Section 457 deferred compensation plan.* The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan, which is administered by a third party.

*Section 125 plan.* The City offers Section 125 plans to all eligible employees electing to participate. It is used for accident and cancer insurance. The City withholds the amounts from the employee's paychecks and remits the withholding to the plan administrator.

*Compensated absences.* The City's policy allows vacation time to accumulate to 160 hours. However, the number of hours of unused vacation that can be carried over without written authorization from the City Council varies depending on the number of continuous years of employment. The maximum number of hours eligible to be carried over is as follows: 40 hours, 0-5 years; 80 hours, 6-10 years; 120 hours, 11-15 years; 140 hours, 16-20 years; and, 160 hours, over 20 years. Sick leave may be accumulated up to 720 hours but unused sick leave is not paid upon termination or resignation.

G. DEFINED BENEFIT PENSION PLAN

*Plan description.* The City of Medicine Lodge participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603), or by calling 1-888-275-5737.

## G. DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July, 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for Death and Disability Program) and the statutory contribution rate was 9.48% for the fiscal year ended December 31, 2015. Contributions to the pension plan from the City were \$62,564 for the year ended December 31, 2015.

### Net Pension Liability

At December 31, 2015, the City's proportionate share of the collective net pension liability reported by KPERS was \$495,911. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the financial statement.

The complete actuarial report including all actuarial assumptions and methods, and the report on the allocation of the KPERS net pension liability to all participating employers are publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

## H. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

## H. RISK MANAGEMENT (CONTINUED)

The City pays an annual premium to KMIT for workers' compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City continues to carry commercial insurance for all other risks of loss, including property, liability, and fidelity bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## I. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 16, 2016, the date on which the financial statement was available to be used. Management's evaluation concluded that the following subsequent events are required to be recognized or disclosed in this financial statement:

The City issued temporary notes of \$3,708,000 in December of 2014 for the water tower storage and lines project. When the project is completed the temporary notes will be refinanced with a loan from USDA Rural Development payable over 40 years. The City has also been granted a \$500,000 Community Development Block Grant and a \$500,000 USDA Emergency Community Water Assistance Grant in addition to the City's portion of \$329,000 for their public water supply well project. Both projects are contingent upon acquiring easements to the necessary properties.



**REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION**

## CITY OF MEDICINE LODGE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General	\$ 2,234,932	\$ -	\$ 2,234,932	\$ 1,823,365	\$ 411,567
Special purpose:					
Tourism	60,000	-	60,000	26,175	33,825
Library	116,245	-	116,245	106,993	9,252
Special highway	50,000	-	50,000	-	50,000
Special parks and recreation	3,500	-	3,500	-	3,500
Business:					
Water utility	1,167,493	-	1,167,493	996,029	171,464
Sewer utility	570,016	-	570,016	411,120	158,896
Solid waste utility	360,000	-	360,000	360,000	-
Total	<u>\$ 4,562,186</u>	<u>\$ -</u>	<u>\$ 4,562,186</u>	<u>\$ 3,723,682</u>	<u>\$ 838,504</u>

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance
	2014	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 570,908	\$ 557,797	\$ 581,044	\$ (23,247)
Delinquent tax	19,679	3,440	5,000	(1,560)
Motor vehicle tax	118,659	87,432	96,568	(9,136)
Recreational vehicle tax	1,556	1,353	1,177	176
16/20M tax	4,607	4,635	4,822	(187)
Special assessments	584	-	1,400	(1,400)
Local alcoholic liquor tax	4,599	961	3,500	(2,539)
Sales and use tax	785,422	615,903	615,000	903
License, permits and fees	5,860	7,590	3,750	3,840
Franchise fees	183,994	161,417	154,000	7,417
Fines, forfeitures and penalties	16,563	14,925	12,500	2,425
Charges for services	15,192	4,119	30,900	(26,781)
Interest	8,360	13,196	9,000	4,196
Use of property	100	-	-	-
Miscellaneous	34,567	34,050	15,000	19,050
Transfers	135,604	140,710	171,462	(30,752)
Total receipts	1,906,254	1,647,528	\$ 1,705,123	\$ (57,595)
Expenditures:				
Administration:				
Personnel	174,797	159,134	\$ 191,423	\$ 32,289
Contractual services	129,766	106,203	55,750	(50,453)
Commodities	14,626	9,049	18,750	9,701
Capital outlay	529	-	56,325	56,325
Economic development	25,000	25,000	15,500	(9,500)
Miscellaneous	5,522	3,030	1,000	(2,030)
	350,240	302,416	338,748	36,332

## CITY OF MEDICINE LODGE, KANSAS

## GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance
	2014	Actual	Budget	favorable (unfavorable)
Police department:				
Personnel	\$ 333,120	\$ 300,862	\$ 339,653	\$ 38,791
Contractual services	30,386	26,657	35,000	8,343
Commodities	23,165	13,763	26,750	12,987
Capital outlay	11,223	9,587	31,500	21,913
Miscellaneous	3,881	3,630	-	(3,630)
	<u>401,775</u>	<u>354,499</u>	<u>432,903</u>	<u>78,404</u>
Fire department:				
Personnel	1,176	322	500	178
Contractual services	17,271	11,985	10,500	(1,485)
Commodities	4,816	680	5,100	4,420
Capital outlay	15,839	1,400	35,951	34,551
Debt service:				
Principal	31,014	32,549	-	(32,549)
Interest	1,936	4,295	-	(4,295)
	<u>72,052</u>	<u>51,231</u>	<u>52,051</u>	<u>820</u>
Street department:				
Personnel	85,042	116,431	71,037	(45,394)
Contractual services	71,147	30,177	34,500	4,323
Commodities	26,191	29,922	26,250	(3,672)
Capital outlay	202,896	9,109	209,075	199,966
Miscellaneous	156	25	-	(25)
Debt service:				
Principal	42,417	26,987	-	(26,987)
Interest	5,628	3,987	-	(3,987)
	<u>433,477</u>	<u>216,638</u>	<u>340,862</u>	<u>124,224</u>
Swimming pool:				
Personnel	43,495	43,902	68,411	24,509
Contractual services	17,488	16,042	6,250	(9,792)
Commodities	2,018	8,355	9,750	1,395
Capital outlay	1,625	5,454	119,403	113,949
Miscellaneous	100	196	-	(196)
	<u>64,726</u>	<u>73,949</u>	<u>203,814</u>	<u>129,865</u>

**CITY OF MEDICINE LODGE, KANSAS**

**GENERAL FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance
	2014	Actual	Budget	favorable (unfavorable)
Airport:				
Contractual services	\$ 10,296	\$ 14,267	\$ 5,220	\$ (9,047)
Commodities	-	-	1,950	1,950
Capital outlay	-	1	500	499
	<u>10,296</u>	<u>14,268</u>	<u>7,670</u>	<u>(6,598)</u>
Municipal court:				
Personnel	4,727	4,141	4,640	499
Contractual services	11,719	8,563	15,520	6,957
Commodities	120	-	300	300
	<u>16,566</u>	<u>12,704</u>	<u>20,460</u>	<u>7,756</u>
Code enforcement/animal control:				
Contractual services	46,912	14,272	57,500	43,228
Commodities	17	7	5,000	4,993
	<u>46,929</u>	<u>14,279</u>	<u>62,500</u>	<u>48,221</u>
Park department:				
Personnel	84,241	80,399	138,099	57,700
Contractual services	23,053	26,200	12,850	(13,350)
Commodities	10,509	15,543	24,100	8,557
Capital outlay	21,944	1,763	9,000	7,237
	<u>139,747</u>	<u>123,905</u>	<u>184,049</u>	<u>60,144</u>
Carrie Nation Memorial:				
Appropriation	12,500	12,500	7,500	(5,000)
Contractual services	5,484	2,778	1,400	(1,378)
Commodities	-	14	2,450	2,436
Capital outlay	-	-	500	500
	<u>17,984</u>	<u>15,292</u>	<u>11,850</u>	<u>(3,442)</u>

**CITY OF MEDICINE LODGE, KANSAS**

**GENERAL FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance
	2014	Actual	Budget	favorable (unfavorable)
Street lights	\$ 44,469	\$ 43,173	\$ 48,000	\$ 4,827
Emergency preparedness	299	371	5,000	4,629
Recycling program	-	212	-	(212)
Economic development	-	-	25,000	25,000
Transfers:				
Municipal equipment reserve	248,000	138,000	138,000	-
Capital improvements reserve	112,842	95,000	95,000	-
Public Building Commission	113,503	110,903	-	(110,903)
Hospital appropriation	244,741	223,344	232,500	9,156
Neighborhood revitalization rebate	35,956	33,181	35,525	2,344
Miscellaneous	-	-	1,000	1,000
Total expenditures	<u>2,353,602</u>	<u>1,823,365</u>	<u>\$ 2,234,932</u>	<u>\$ 411,567</u>
Receipts over (under) expenditures	(447,348)	(175,837)		
Unencumbered cash, beginning of year	<u>1,161,750</u>	<u>714,402</u>	<u>\$ 614,737</u>	<u>\$ 99,665</u>
Unencumbered cash, end of year	<u>\$ 714,402</u>	<u>\$ 538,565</u>	<u>\$ 84,928</u>	<u>\$ 453,637</u>

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## TOURISM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance
	2014	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Guest tax	\$ 36,131	\$ 23,031	\$ 35,000	\$ (11,969)
Expenditures:				
Contractual services	13,175	-	\$ 10,000	\$ 10,000
Reimbursed expenditures	5,995	-	-	-
Donations	62,000	26,175	50,000	23,825
Total expenditures	81,170	26,175	\$ 60,000	\$ 33,825
Receipts over (under) expenditures	(45,039)	(3,144)		
Unencumbered cash, beginning of year	99,350	54,311	\$ 47,331	\$ 6,980
Unencumbered cash, end of year	\$ 54,311	\$ 51,167	\$ 22,331	\$ 28,836

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		
	2014	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 89,552	\$ 90,781	\$ 95,496	\$ (4,715)
Delinquent tax	2,974	539	4,500	(3,961)
Motor vehicle tax	16,544	13,713	15,147	(1,434)
Recreational vehicle tax	2,273	212	184	28
16/20M vehicle tax	721	748	756	(8)
Total receipts	112,064	105,993	\$ 116,083	\$ (10,090)
Expenditures:				
Contractual services	1,021	1,000	\$ 1,500	\$ 500
Transfer to related municipal entity	106,424	100,593	109,000	8,407
Neighborhood revitalization rebate	5,640	5,400	5,745	345
Total expenditures	113,085	106,993	\$ 116,245	\$ 9,252
Receipts over (under) expenditures	(1,021)	(1,000)		
Unencumbered cash, beginning of year	2,194	1,173	\$ 4,162	\$ (2,989)
Unencumbered cash, end of year	\$ 1,173	\$ 173	\$ 4,000	\$ (3,827)

See Independent Auditor's Report.



## CITY OF MEDICINE LODGE, KANSAS

## SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance favorable (unfavorable)
	<u>2014</u>	<u>Actual</u>	<u>Budget</u>	
Receipts:				
State of Kansas gas tax	\$ 52,388	\$ 53,345	<u>\$ 51,590</u>	<u>\$ 1,755</u>
Expenditures:				
Capital outlay	<u>80,000</u>	<u>-</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Receipts over (under) expenditures	(27,612)	53,345		
Unencumbered cash, beginning of year	<u>62,252</u>	<u>34,640</u>	<u>\$ 84</u>	<u>\$ 34,556</u>
Unencumbered cash, end of year	<u>\$ 34,640</u>	<u>\$ 87,985</u>	<u>\$ 1,674</u>	<u>\$ 86,311</u>

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance
	2014	Actual	Budget	favorable (unfavorable)
Receipts:				
Local alcoholic liquor tax	\$ 4,480	\$ 961	\$ 3,500	\$ (2,539)
Expenditures:				
Capital outlay	7,276	-	\$ 3,500	\$ 3,500
Receipts over (under) expenditures	(2,796)	961		
Unencumbered cash, beginning of year	8,501	5,705	\$ 1,564	\$ 4,141
Unencumbered cash, end of year	\$ 5,705	\$ 6,666	\$ 1,564	\$ 5,102

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the Year Ended December 31, 2015

	Municipal equipment reserve	Capital improvements reserve	Public Building Commission	Total
Receipts:				
Bond proceeds	\$ -	\$ -	\$ 1,035,000	\$ 1,035,000
Grants	-	52,621	-	52,621
Transfers:				
General	138,000	95,000	110,903	343,903
Water utility	18,000	-	-	18,000
Total receipts	156,000	147,621	1,145,903	1,449,524
Expenditures:				
Contractual services	-	14,635	36	14,671
Capital outlay	22,000	-	-	22,000
Debt service:				
Principal	-	-	1,055,000	1,055,000
Interest	-	-	53,114	53,114
Cost of issuance	-	-	35,142	35,142
Total expenditures	22,000	14,635	1,143,292	1,179,927
Receipts over (under) expenditures	134,000	132,986	2,611	269,597
Unencumbered cash, beginning of year	464,228	448,608	102	912,938
Unencumbered cash, end of year	\$ 598,228	\$ 581,594	\$ 2,713	\$ 1,182,535

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		
	2014	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem tax	\$ 1	\$ -	\$ -	\$ -
Delinquent tax	1,180	-	250	(250)
Total receipts	1,181	-	\$ 250	\$ (250)
Expenditures:				
Debt service:				
Principal	-	-	\$ -	\$ -
Receipts over (under) expenditures	1,181	-		
Unencumbered cash, beginning of year	16,853	18,034	\$ 18,014	\$ 20
Unencumbered cash, end of year	\$ 18,034	\$ 18,034	\$ 18,264	\$ (230)

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## SIDEWALK IMPROVEMENT

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	<u>2014</u>	<u>2015</u>
Receipts:		
Local sales and use tax	\$ -	\$ 82,228
Other	<u>708</u>	<u>-</u>
Total receipts	708	82,228
Expenditures:		
Capital outlay	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	708	82,228
Unencumbered cash, beginning of year	<u>10,443</u>	<u>11,151</u>
Unencumbered cash, end of year	<u>\$ 11,151</u>	<u>\$ 93,379</u>

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance
	2014	Actual	Budget	favorable (unfavorable)
Receipts:				
Water sales	\$ 993,488	\$ 1,037,962	\$ 1,017,000	\$ 20,962
New services	4,915	4,950	1,000	3,950
Reconnects	9,486	4,620	5,000	(380)
Bulk sales	673	1,229	1,250	(21)
Swimming pool fee	59,573	76,457	62,500	13,957
Sales tax	-	6,671	-	6,671
Miscellaneous	362	-	2,000	(2,000)
Reimbursed expenditures	30	81	3,500	(3,419)
Total receipts	1,068,527	1,131,970	\$ 1,092,250	\$ 39,720
Expenditures:				
Personnel	194,119	186,474	\$ 222,262	\$ 35,788
Contractual services	255,878	198,019	107,150	(90,869)
Commodities	26,189	25,816	80,350	54,534
Capital outlay	5,339	8,971	338,481	329,510
Miscellaneous	2,483	3,360	15,000	11,640
Debt service:				
Principal	83,121	102,667	-	(102,667)
Interest	14,745	49,352	-	(49,352)
Transfers:				
General	109,247	113,370	96,250	(17,120)
Municipal equipment reserve	18,000	18,000	18,000	-
Waterworks depreciation and maintenance reserve	109,000	125,000	125,000	-
Sewer utility	-	165,000	165,000	-
Total expenditures	818,121	996,029	\$ 1,167,493	\$ 171,464
Receipts over (under) expenditures	250,406	135,941		
Unencumbered cash, beginning of year	151,374	401,780	\$ 378,940	\$ 22,840
Unencumbered cash, end of year	\$ 401,780	\$ 537,721	\$ 303,697	\$ 234,024

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance
	2014	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 400,293	\$ 396,892	\$ 425,000	\$ (28,108)
Miscellaneous	650	-	250	(250)
Reimbursed expenditures	-	-	1,000	(1,000)
Transfer from water utility	-	165,000	165,000	-
Total receipts	<u>400,943</u>	<u>561,892</u>	<u>\$ 591,250</u>	<u>\$ (29,358)</u>
Expenditures:				
Personnel	82,802	79,930	\$ 101,421	\$ 21,491
Contractual services	135,335	121,738	69,750	(51,988)
Commodities	12,119	15,339	55,275	39,936
Capital outlay	2,194	1,757	197,750	195,993
Miscellaneous	330	106	500	394
Debt service:				
Principal	140,481	144,642	-	(144,642)
Interest	51,769	47,608	-	(47,608)
Transfers:				
General	-	-	25,000	25,000
Sewer plant O-M-R	19,200	-	100,000	100,000
Municipal equipment reserve	-	-	20,320	20,320
Total expenditures	<u>444,230</u>	<u>411,120</u>	<u>\$ 570,016</u>	<u>\$ 158,896</u>
Receipts over (under) expenditures	(43,287)	150,772		
Unencumbered cash, beginning of year	<u>43,287</u>	<u>-</u>	<u>\$ 138,514</u>	<u>\$ (138,514)</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 150,772</u>	<u>\$ 159,748</u>	<u>\$ (8,976)</u>

See Independent Auditor's Report.

## CITY OF MEDICINE LODGE, KANSAS

## SOLID WASTE UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

		2015		Variance
	2014	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 337,296	\$ 343,335	\$ 360,000	\$ (16,665)
Miscellaneous	29,000	-	-	-
Total receipts	366,296	343,335	\$ 360,000	\$ (16,665)
Expenditures:				
Personnel	1	-	\$ -	\$ -
Contractual services	319,371	332,660	327,600	(5,060)
Transfers:				
General	26,357	27,340	32,400	5,060
Total expenditures	345,729	360,000	\$ 360,000	\$ -
Receipts over (under) expenditures	20,567	(16,665)		
Unencumbered cash, beginning of year	11,081	31,648	\$ 14,427	\$ 17,221
Unencumbered cash, end of year	\$ 31,648	\$ 14,983	\$ 14,427	\$ 556

See Independent Auditor's Report.



## CITY OF MEDICINE LODGE, KANSAS

## NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the Year Ended December 31, 2015

	Waterworks depreciation and maintenance reserve	Sewer plant O-M-R	Total
Receipts:			
Transfers:			
Water utility	\$ 125,000	\$ -	\$ 125,000
Expenditures:			
Contractual services	101,474	-	101,474
Capital outlay	43,500	15,645	59,145
Total expenditures	144,974	15,645	160,619
Receipts over (under) expenditures	(19,974)	(15,645)	(35,619)
Unencumbered cash, beginning of year	4,253,005	85,121	4,338,126
Unencumbered cash, end of year	\$ 4,233,031	\$ 69,476	\$ 4,302,507

See Independent Auditor's Report.